

Committee Name and Date of Committee Meeting

Cabinet – 14 April 2025

Report Title

Economic Inactivity Trailblazer

Is this a Key Decision and has it been included on the Forward Plan?

Yes

Strategic Director Approving Submission of the Report

Andrew Bramidge, Strategic Director of Regeneration and Environment

Report Author(s)

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Ward(s) Affected

Borough-Wide

Report Summary

This report outlines a strategic initiative to implemented across South Yorkshire to reduce economic inactivity by integrating employment, skills and health services. With £1.7m in funding for Rotherham from the Department for Work and Pensions, the programme has been set a target to engage with over 1,000 economically inactive residents and transition 400 into employment in 2025/26.

The Pathways to Work model underpins the initiative, emphasising personalised support, employer engagement and system integration. Key components include:

- A System Service Manager function to oversee coordination.
- Community outreach programmes to engage hard-to-reach populations.
- Intensive Case Management for personalised employment support.
- Employer activation initiatives to create suitable job opportunities.

The report highlights the complex barriers to employment for economically inactive residents including health conditions, caring responsibilities and skills gaps and stresses the need for multi-agency collaboration across local authorities, health services and community organisations.

Cabinet approval is sought to accept funding and implement the programme.

Recommendations

That Cabinet:-

1. Approve acceptance of the Council's indicative allocation of the Economic Inactivity Trailblazer funding to deliver activity targeted at implementing an integrated employment, skills and health system.
2. Approve use of the funding to manage the programme, commission community-based engagement activity, and personalised support (to include flexible support budgets), activate employers to create job opportunities for participants, pay for additional staff salaries (within RiDO, Employment Solutions and for other Pathways to Work roles within the Council) and cover miscellaneous costs.
3. Delegates authority to the Strategic Director, Regeneration and Environment, in consultation with Cabinet Member for Transport, Jobs and the Local Economy and the Section 151 Officer to determine detailed use of the grant or make any subsequent amendments to the proposed budget allocations.

List of Appendices Included

Appendix 1a Equalities Analysis – Part A
Appendix 1b Equalities Analysis – Part B
Appendix 2 Carbon Impact Assessment

Background Papers

[Pathways to Work Commission Report – July 2024](#)

[Get Britain Working White Paper – Nov 2024](#)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Economic Inactivity Trailblazer

1. Background

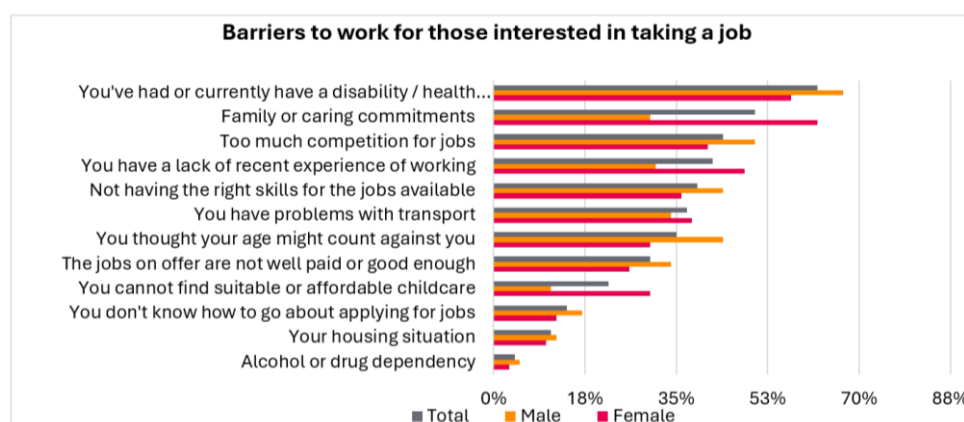
- 1.1 Economic inactivity refers to the labour market status of individuals of working age who are neither employed nor actively seeking work. Economic inactivity is a significant and ongoing national challenge, adversely affecting productivity, economic growth and public finances. Addressing economic inactivity is crucial for boosting economic resilience and for improving social mobility and long-term prosperity.
- 1.2 Around 1 in 4 individuals of working age in the UK are not working. In Rotherham the number is 46,600 (ONS March 2024) which is nearer to 1 in 3 of the working age population (aged 16-64). This comprises:
 - Students 11,200
 - Looking after family or home 8,500
 - Long term sick 15,000
 - Retired (under state pension age) 5,200
 - Other 6,000
- 1.3 The Pathways to Work (P2W) Commission established by Barnsley Council brought together experts and senior leaders in the field of work, skills and health to undertake a deep dive into the causes of economic inactivity. In its July 2024 report, the Commission called for a whole system approach to drive systemic change, overcome the complexity of the current system and deliver better outcomes from employment and health programmes.
- 1.4 P2W provides a proof-of-concept approach to tackling economic activity that brings together health, employment and skills services. Working regionally, through the four South Yorkshire Councils and SYMCA, the approach was developed into a scalable proposition and submitted to Government with a request for pilot funding.
- 1.5 The key components of the P2W approach comprise:
 - A System Steward – operating at regional level with responsibility for policy, regulatory, funding and quality parameters of the employment service system.
 - System Service Manager – at local authority level with responsibility for driving system change.
 - Engagement with potential beneficiaries delivered at a hyper-local level.
 - Personalised Support - Intensive Case Management (ICM) for people who have complex needs and/or significant barriers precluding them from securing employment.
 - Employment activation - a set of targeted interventions focused on employers to enhance the employment opportunities for those that are economically inactive.
- 1.6 In November 2024 the 'Get Britain Working' white paper announced South Yorkshire, alongside 4 other MCA areas, would receive funding for an

Economic Inactivity Trailblazer and an NHS Growth Accelerator aimed at boosting labour market participation and reversing a persistent trend of increasing economic inactivity across the region. SYMCA submitted a joint delivery plan for both programmes to the Department for Work and Pensions (DWP) and NHS England on 20th December 2024 founded upon the P2W recommendations. The Business Case for the Trailblazer has been agreed by the Investment Committee of the Department of Work and Pensions. Subject to Treasury approval it is expected that funding will be formally confirmed in early April 2025.

- 1.7 South Yorkshire's Economic Inactivity Trailblazer provides £10m of DWP funding for South Yorkshire for the 2025/26 financial year, with £1.7m allocated for activity in Rotherham, based upon target population share. Successful delivery of the Economic Inactivity Trailblazer is intended to lay the foundations for a longer-term funding arrangement under SYMCA's single settlement from April 2026.

2. Key Issues

- 2.1 Economic inactivity is complex and multi-faceted. Many economically inactive residents face multiple overlapping barriers to entering the labour market. In research carried out during the P2W commission two thirds of survey respondents identified three or more barriers to securing a job. Ill health was the most reported barrier with other key overlapping barriers including caring responsibilities, skills and transport.



- 2.2 The Council currently supports economically inactive residents to find employment and supports residents to avoid becoming economically inactive through services including Employment Solutions (879 people into employment and 825 into training since October 2020), Ambition (59 participants, 2 into employment and 25 into education/training) and Multiply (3,500 learning opportunities delivered, with 95% of learners showing an interest in continuing learning). This is part of a wider support system in Rotherham including delivery by Rotherham North Nottinghamshire College (RNN), mainly through the Adult Skills Fund, the local voluntary and community sector and health focussed activity including the Working Win and Workwell programmes.

- 2.3 The diverse range of provision highlights the need to develop multi-agency / referral networks that provide a simple, single point of access for residents seeking support and a central triage service for referrers. A triage function is required to ensure residents are signposted to the support that is most appropriate to their needs.
- 2.4 The Economic Inactivity Trailblazer targets engaging 1,000+ economically inactive residents in Rotherham and progressing 400+ into paid employment in 2025-26. This is an order of magnitude greater than currently achieved and will require a considerable expansion of activity across a range of areas described below and a corresponding increase in co-ordination of the complex system.
- 2.5 The UK government is adopting a dual approach to welfare reform, combining stricter benefit conditions with increased employment support to address economic inactivity. Recent government statements suggest a move towards tightening access to out of work benefits, with measures such as more rigorous work capability assessments, increased sanctions for those deemed not engaging with job-seeking requirements and restrictions on certain disability and sickness related claims. The aim is to reduce long-term reliance on welfare and encourage more people into the workforce. At the same time there is an indication of intent to expand initiatives providing practical support, recognising that many economically inactive individuals face barriers beyond financial disincentives. This includes investment in tailored employment support, skills training and mental health services to help those who can work transition into sustainable employment.
- 2.6 The Economic Inactivity Trailblazer is a key part of this broader strategy and represents a targeted effort to engage and support individuals in Rotherham who have been out of work due to health conditions, caring responsibilities or other challenges. The system change the Trailblazer seeks to address is an essential component of the overall approach and aligns with the government's push for a more proactive welfare system. The Trailblazer will not impose sanctions, instead it is intended to expand personalised support to ensure those capable of working are able to take steps towards employment. By working closely with local employers, health services and skills providers the initiative aims to test innovative approaches to tackling economic inactivity and help people overcome the complex barriers they face.
- 2.7 It should be noted that targets contained in the Trailblazer relate to numbers coming through the system and supported into employment rather than an overall net reduction in the numbers of economically inactive in Rotherham. Achieving a net reduction will require successful implementation of policy across a broad front.
- 2.8 **System Service Manager**

P2W positions a System Service Manager function at the local authority level, to administer the integration of service delivery as well as supporting

the capacity building of partners to deliver improved outcomes for the economically inactive. It has a central role to play in convening and managing partnerships across the system and integrating employment services with healthcare, skills development, and community provision. This will include establishing co-location of services and joint case management, as well as identifying gaps in provision, commissioning activity to fill identified gaps, establishing effective referral routes and the triage function, and developing strengthened links with the voluntary and community sector. This function does not currently exist and will need to be recruited. Initially, the role will be delivered by a team of 4 people comprising: the System Service Manager, a Commissioning Manager, a Monitoring Officer and Project Officer.

2.9 Engaging the target population

Delivering P2W requires that a much greater number of economically inactive residents, who are disconnected from the support system, are engaged than is currently the case. This includes those with chronic health issues, disabilities, caring responsibilities and older adults. Commissioned community outreach programmes, to include partnerships with local charities, health providers and community groups will have a leading role to play in making the required connections with these hard-to-reach residents. Grant funded activity that stimulates community engagement, leveraging hyper-local experience, and networks, will be essential to deliver outcomes in the first year of operation. This activity will guide people into the triage function, to ensure that they are moved into the programme of personalised support that best fits their circumstances.

2.10 Personalised Support

Intensive Case Management (ICM) will deliver 1:1 key worker support, developing and maintaining a close working relationship with the individual, monitoring the support plan, and acting as the central coordination and contact point between the individual and the wider system and available services. Through this function, residents will have access to personalised employment support, which includes flexible packages based on individual assessment, including wraparound activities, and funds to overcome specific barriers preventing the individual from entering the labour market).

2.11 The Council's Employment Solutions Service already provides expertise and capacity for ICM and has experience of providing personalised support for the individuals with complex needs. Further to the recent investment to mainstream the funding of the core service, additional staffing funded by P2W will enable the service to scale-up to meet the need to handle greater numbers of clients and to adapt delivery to provide an increased emphasis on operating within the community.

2.12 In addition to Employment Solutions, community based ICM delivered by trusted community champions will assist providing in hyper-local and specialist access, delivered within community settings to engage particular characteristics and hard to reach demographics. This delivery option should

be available for the System Service Manager to commission where targeted provision or additional capacity is necessary.

- 2.13 In addition to addressing the needs of residents currently economically inactive, a focus on prevention will be required. This will assist those at risk of economic inactivity early so they can confidently enter or remain in employment and have access to secure work, decent wages and opportunities for career progression. A large part of this delivery will be focused on young people and ensuring they receive support before falling into economic inactivity. This support will build on current Council programmes including Ambition and the South Yorkshire Careers Hub. The Advance team will also work with people already in employment providing support for retraining and career progression.

2.14 **Employer Engagement**

An essential component of the P2W approach is to provide employers with the support they need to be willing and ready to recruit those wishing to enter (or re-enter) the workplace. An employer offer is needed comprising a set of targeted interventions focused on providing the necessary workforce and supporting the employer to ensure it can fully integrate people into the workforce. Components of this offer exist but largely operate independently from each other and consequently there are a range of skills and employment initiatives that seek to engage with employers. Employers report that they find the landscape confusing and the offer ineffective. A key task for P2W will be to address this weakness, allocating resource to connect employers to a holistic system rather than individual projects and programmes.

- 2.15 The Council will play an important role as an exemplar employer, and will aim to demonstrate best practice, sharing innovation and learning from its successful programmes of work, including:
- use of the Social Value Policy to encourage and incentivise suppliers to provide opportunities to people who are economically inactive.
 - sharing the positive impact of committing to the Kickstart programme, which provided funding to create new jobs for people aged 16 to 24 who are at risk of long-term unemployment.
 - promoting the benefits of effective Occupational Health and HR practices for the retention of staff and the prevention of those at risk of leaving the workforce.
 - introducing flexible recruitment approaches to reduce barriers to employment.
 - identifying new ways to open up interview opportunities to people who are economically inactive.

- 2.16 The proposed utilisation of funds for the Trailblazer budget is as follows:

Cost	Budget 2025/26
Programme Costs	
System Service Manager & team	£242,767
Commissioned Services (Triage)	£60,000
Employment Activation and Employer Engagement	
Staff Costs - Employer Engagement activity	£112,000
Commissioned Services	£250,000
Other Costs	£93,000
ICM and Personalised Support Allocation	
Staff Costs - Employment Solutions	£501,240
Commissioned Services	£300,000
Community Engagement	£110,000
Other	£36,000
Total	£1,705,007

- 2.17 This funding will be utilised to manage the programme, commission community-based engagement activity, and personalised support (to include flexible support budgets), activate employers to create job opportunities for participants, pay for staff salaries (within RiDO, Employment Solutions and for other Pathways to Work roles within the Council) and cover miscellaneous related costs.
- 2.18 The proposed utilisation of funds is based on assumptions relating to speed of mobilisation, implementation, delivery, and market response to commissioned packages of work. For the programme to be delivered, flexibility to reallocate funding between budget headings is necessary.

3. Options considered and recommended proposal

3.1 Do not Participate in Pathways to Work

Pathways to Work is envisaged as region-wide system change within the employment, skills and health landscape, with a view to simplifying the system, improving the lives of residents, strengthening communities and addressing long-standing structural economic challenges. SYMCA and the four South Yorkshire LAs need to work in partnership to achieve this. Non-participation would result in Rotherham missing an opportunity to secure resources to address what is a persistent and increasing challenge to improving economic and social inclusion. Given the high profile of the Pathways to Work Commission, and with Government funding an Economic Inactivity Trailblazer for South Yorkshire, non-participation would carry reputational risk.

3.2 Recommended Proposal

1. Approve acceptance of the Council's indicative allocation of the Economic Inactivity Trailblazer funding to deliver activity targeted at implementing an integrated employment, skills and health system.

2. Approve use of the funding to manage the programme, commission community-based engagement activity, and personalised support (to include flexible support budgets), activate employers to create job opportunities for participants, pay for staff salaries (within RiDO, Employment Solutions and for other Pathways to Work roles within the Council) and cover miscellaneous costs.
3. Delegate authority to the Strategic Director, Regeneration and Environment, in consultation with Cabinet Member for Transport, Jobs and the Local Economy and the Section 151 Officer to determine detailed use of the grant or make any subsequent amendments to the proposed budget allocations.

4. Consultation on proposal

- 4.1 A wide range of partners and stakeholders have been informed of, and consulted on, the proposed Pathways to Work and Economic Inactivity Trailblazer. These include:
 - Inclusive Economy Board
 - Inclusive Employment Workstream
 - Business Growth Board
 - Employment and Skills Board
 - Various VCS organisations – on potential engagement activity.
 - Local Integration Board (LIB)
 - Humanitarian and Communities Group
- 4.2 As a South Yorkshire wide activity, regular meetings have been held between SYMCA and the four local authorities to develop the programme(s). These meetings have included DWP and the NHS, to connect with the Health Growth Accelerator which the latter is leading.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Economic Inactivity Trailblazer is intended to establish operations in the first quarter of 2025/26.
- 5.2 Achieving this timetable is dependent on receipt and approval of a funding agreement.

6. Financial and Procurement Advice and Implications

- 6.1 The Pathways to Works Economic Activity Trailblazer is funded by Department of Work and Pensions (DWP) and is distributed via SYMCA. Currently, it is one-off for the 2025/26 financial year but there is potential for a further three years. The amounts for each partner are yet to be formally confirmed and as such, additional work will be required to ensure the plan laid out in this report complies with the grant terms and conditions.

- 6.2 Where the commissioned services identified in this report are awarded via grant, there are no procurement implications as grants do not fall in the scope of procurement legislation. Where formal contracts for service are required, these must be procured in compliance with relevant legislation (Procurement Act 2023 or the Public Contracts Regulations 2015 whichever is applicable) as well as the Council's own Financial and Procurement Procedure Rules.

7. Legal Advice and Implications

- 7.1 If this fund is approved any funding agreement issued will need to be reviewed by Legal Services and all funding conditions adhered to in order to ensure compliance with the grant.
- 7.2 There are no further legal implications raised by this report.

8. Human Resources Advice and Implications

- 8.1 The Council will follow due processes for the proposed posts.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 The Economic Inactivity Trailblazer will have positive implications for Children, Young People and Vulnerable Adults being targeted at many of the most disadvantaged and under-serviced residents who are caught in a cycle of low income, poor access to services, poor health and low aspiration. The P2W programme includes a focus on prevention and will target young people who are not in employment, education or training (NEET), to include care leavers and those from households experiencing inter-generational inactivity or unemployment. It aims to break the inertia of economic inactivity by providing hyper- local and specialist employment support, delivered sensitively in non-threatening environments and by activating employers to create viable, appealing job opportunities.

10. Equalities and Human Rights Advice and Implications

- 10.1 The programme will target economically inactive residents across a range of sub-cohorts, including, those with disabilities and health conditions (who are significantly less likely to work), ethnic minority groups (who are over-represented among economically inactive people) and young people who are not in employment, education or training (NEET), to include care leavers and those from households experiencing inter-generational inactivity or unemployment.
- 10.2 An Equalities Analysis has been completed and is attached as Appendix 1.

11. Implications for CO2 Emissions and Climate Change

- 11.1 The Economic Inactivity Trailblazer will have both direct and indirect implications for CO2 emissions and climate change. The expansion of employment support services will increase staff travel and office-based

activities which could contribute to higher emissions. However, the programme aims to deliver activity hyper-locally within communities, minimising the distance residents need to travel to access services and receive support.

- 11.2 A reduction in rates of economic inactivity is likely to result in economic growth which has the potential to increase CO2 emissions. To mitigate negative impact, it will be necessary to draw on a range of other projects policies to promote environmentally sustainable economic growth and within the programme encourage employers to adopt sustainable workplace practices.

12. Implications for Partners

- 12.1. The success of P2W and the Economic Inactivity Trailblazer is dependent on strong collaboration between multiple partners including

- Rotherham Council Services – RiDO, Employment Solutions, and Neighbourhoods will play key roles in delivering the programme.
- SYMCA – responsible for regional coordination and securing long-term funding through the single settlement.
- Other South Yorkshire authorities – as region wide programme P2W/Trailblazer needs to be successful across the area. This also allows the areas to try different innovative approaches within their localities, which could be expanded if successful.
- Department for Work and Pensions and NHS England – providing policy support and funding for integrated health and employment services.
- Local Employers and Business Networks – engaged to create inclusive employment opportunities.
- Voluntary and Community Sector Organisations – essential for community-based outreach and personalised support delivery, particularly for those disengaged and disadvantaged groups where “lived experience” is necessary.

- 12.2 Through the System Service Manager, a governance framework will be established to ensure alignment between partners, avoid duplication of services and facilitate data sharing while complying with GDPR regulations.

13. Risks and Mitigation

- 13.1 **Low Engagement from Target Groups** - some economically inactive individuals may be difficult to reach due to health, confidence or trust barriers.

- 13.2 **Retaining Individuals in the Programme** – similar previous activity with these cohorts has shown a figure of below 50% is realistic for the retention of a person from initial referral to starting in employment.
- 13.3 **Employer Reluctance** - businesses may hesitate to employ individuals with complex needs or lack the necessary support structures.
- 13.4 **Service Capacity Constraints** - scaling up intensive case management and outreach could strain existing support services.
- 13.5 **Sustainability of Funding** - the £1.7 million allocation for Rotherham is time limited; future funding uncertainties could impact long term programme viability.
- 13.6 **Very stretching targets** – current success rates indicate that 400+ people into employment in Year 1 through the Trailblazer will be extremely challenging.
- 13.7 **Data Sharing and Integration Issues** – challenges in coordinating information between employment, health and skills services.
- 13.8 **Mitigations**
- 13.9 **Community Based Outreach** - partnering and commissioning with VCS and local organisations to deliver engagement at hyper-local level.
- 13.10 **Effective Triage** – ensuring that each individual gets the support they need from the most appropriate programme available to them.
- 13.11 **Employer Incentives** developing a structured employment support package including workplace adjustments and continuing in-work support to the individual at the commencement of their employment.
- 13.12 **Workforce Expansion and Training** - recruiting additional caseworkers and upskilling existing staff to handle increased service demand.
- 13.13 **Long Term Funding Advocacy** engaging with SYMCA and DWP to secure continued investment beyond the initial trailblazer.
- 13.14 **Clawback of Funds** – DWP has advised that the intention of the Trailblazer is to innovate and test new ways of working. Consequently, there is no intention in Year 1 to clawback funds based on outputs. This will allow partners to test out some more innovative approaches, with risk mitigated.
- 13.15 **Robust Data Sharing Agreements** - establishing clear protocols to facilitate secure and effective information sharing across agencies.
- 14. **Accountable Officers**
Tim O'Connell, Head of Economic Development

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp OBE	31/03/25
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	24/03/25
Assistant Director of Legal Services (Monitoring Officer)	Phil Horsfield	24/03/25

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